



Department of Justice

FOR IMMEDIATE RELEASE
MONDAY, APRIL 25, 2004
WWW.USDOJ.GOV

USAO- Southern District of New York
(212)-637-2600

ADELPHIA COMMUNICATIONS AGREES TO PAY \$715 MILLION TO GOVERNMENT VICTIM COMPENSATION FUND

Rigas family to forfeit nearly all family assets

WASHINGTON, D.C. – Attorney General Alberto R. Gonzales; Deputy Attorney General and Chairman of the President’s Corporate Fraud Task Force James B. Comey; United States Attorney for the Southern District of New York David N. Kelley, Stephen Cutler, Director of Enforcement for the Securities and Exchange Commission; and Chief Inspector Lee Heath of the U.S. Postal Service announced today that a Victim Fund has been set up for the purpose of compensating stock and bondholders who lost money as a result of the accounting fraud schemes and looting of Adelphia Communications Corporation. The Victim Fund will be jointly administered by the Department of Justice and the United States Securities and Exchange Commission.

In addition, Attorney General Gonzales announced the signing of two agreements which, between cash, stock and Rigas Family real estate, will result in the provision of assets to the Adelphia Victim Fund totaling more than \$720 million.

The first agreement, between the United States and the family of Adelphia founder John J. Rigas (the Rigas Family), provides that the Rigas family will forfeit to the United States in excess of 95 percent of all the Rigas Family's assets. Those assets include: privately owned cable systems worth between \$700 and \$900 million (the Rigas cable systems’); all Adelphia securities owned by the Rigas family and its affiliated entities, including convertible subordinated notes with a face value of approximately \$567 million, and approximately 44.7 million shares of common stock; and numerous parcels of real estate located in the United States with an estimated value of approximately \$10 million.

“Last summer, when these defendants were convicted in this case, it was a day of justice for corrupt corporate executives. Today is a day of restitution for the victims of corporate corruption,” said Attorney General Gonzales. “The President’s Corporate Fraud Task Force will continue to work to ensure justice for the workers and shareholders who lost billions of dollars to this fraud. We will also continue to work with those corporate leaders and CEOs whose exemplary ethical standards and transparent business models have built our economy and instilled trust in investors worldwide.”

In July 2004, John J. Rigas and Timothy Rigas were convicted in United States District Court. In December 2004, the government filed motions to forfeit the assets of both John and Timothy Rigas. Today's settlement is much larger than what may have been imposed by the trial court because today's settlement includes cable companies, land and assets owned jointly by other members of the Rigas family, not just John J. and Timothy J. Rigas

Evidence presented in court last year at the criminal trial of John J. Rigas and Timothy Rigas demonstrated that the Rigas cable systems were purchased and/or upgraded with funds wrongfully taken from Adelphia. That evidence further demonstrated that a substantial portion of the Adelphia securities owned by the Rigas family were never in fact paid for. Accordingly, under the agreements announced today, the government intends to return the Rigas Family's securities to Adelphia and to transfer the Rigas cable systems to Adelphia. In return for the cable systems, Adelphia will provide \$715 million in cash and stock to the victim fund.

The second agreement announced today, a non-prosecution agreement between the government and Adelphia, resolves potential corporate criminal charges against Adelphia and its subsidiaries. Under the terms of the non-prosecution agreement, Adelphia will continue to cooperate with the Government's criminal investigations. In addition, Adelphia will be required to contribute \$715 million in cash and stock to the Victim Fund.

The agreements announced today are subject to court review and approval. The Non-Prosecution agreement with Adelphia must be approved by the U.S. Bankruptcy Court in the Southern District of New York, which is administering Adelphia's bankruptcy. The settlement agreement with the Rigas Family must be approved by U. S. District Judge Leonard B. Sand, who presided over the criminal trial of John and Timothy Rigas and who will preside over their sentencing.

The distributions from the Victim Fund must await court approval of the agreements. If the agreements are approved, distributions to investors will likely coincide with Adelphia's emergence from bankruptcy sometime within the next year to 18 months. In the interim, the government and the SEC will appoint an administrator for the Victim Fund and will later announce details for a claims process by which victims can submit claims for their losses. The U. S. Attorney's Office for the Southern District of New York has established a page on its website at <http://www.usdoj.gov/usao/nys/victimwitness.html> where updated information on the formation of the fund and the claims and distribution process will be posted. The website page will begin functioning tomorrow.

###